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CRISIS MANAGEMENT TO ENHANCE ORGANIZATIONAL PERFORMANCE

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ABSTRACT

Crisis is an overt presentation of dissatisfaction with the guidelines, ideas, opinions, values, personalities, and resources of a company. It is an uncommon atmosphere which hampers the achievement of certain achievable or desirable targets. Thus, it is an enigmatic and cancerous problem. In business organizations it is a very common and rampant characteristic.

Crisis management process directly affects the organization's effectiveness. For an organization it is important to possess an efficient and effective management process of crisis can't be over-focused because it determines the continuous existence of the organization and avoids an instant closure of its work procedure. Its relevance lies on the knowing of the likely reasons of crisis whether from the external or internal environment and also the establishment of an efficient crisis management process that would support organization in the crisis management.

This research paper goals to share information on the various reasons of crisis, methods in crisis management and the relationship between crisis management and organizational performance.

KEYWORDS: ***Crisis management, Vulnerabilities, Create Strategies and Organizational performance.***

INTRODUCTION

The old saying goes, "into each life some rain must fall". Similarly, we can say, into each business some crisis must occur. Whether loss of data from a computer glitch, loss of equipment, or life due to a full-scale natural disaster, hardship attacks businesses with alarming frequency and little cautioning.

Just as persons save for rainy days to mitigate their ill-effects, industries can benefit from deploying a proactive strategy toward potential crises. Crisis management involves lessening the impact of an unpredicted event in the lifespan of an organization.

Crisis is an important event or point of decision which, if not taken care of in a proper and timely manner (or if not taken care of at all), may turn into a catastrophe or disaster. Every crisis is unique, but crises can be mitigated and managed by the systematic development and application of a comprehensive plan. All crises are characterized by certain elements that distinguish them from "normal" conditions. Another hallmark of a crisis is a high degree of insecurity as far as its specific nature and its anticipated consequences are concerned. Crises are always characterized by time pressure and the urgency of counter measures.

Lerbinger (1997) categorized seven types of crises as:

1. Natural disaster
2. Technological crises
3. Confrontation
4. Malevolence
5. Crisis of skewed management value
6. Crisis of deception
7. Crisis of management misconduct.

Usually, organizational crises shoot from moreover failure of operations or a failure of issues management. There are numerous man-made calamities which could have been avoided due to appropriate management of crisis.

Time is at top during crisis and makes it essential for the companies to plan ahead and in planning ahead, firms should identify the importance of having a crisis communication plan which summaries steps to be taken during the starting few hours of a crisis.

REASONS OF CRISIS AND PRACTICAL SOLUTIONS

Initially, it is believed that most organizations lack the ability to identify the likely causes of crisis. This is the most significant aspect of crisis management which focusses on crisis prevention rather than its resolution. The essence is to dodge situations or choices that may lead to the occurrence of crisis. Most companies have a low rate of organizational

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performance and this may be the resultant effect of a poor crisis management since an employee who senses insecurity in the workplace will certainly perform poorly. The level of education of the employees affects the successful management of crisis. This might be caused by employees' incapability to understand an organization plan policies and strategies that relates to crisis. Most organizations do not have a crisis plan. The essence of a crisis plan is to offer a step-by-step solution or reply to a real crisis event. A crisis plan is highly useful during an emergency since it is written down in a concise format that only requires its execution for obtaining practical results.

CRISIS MANAGEMENT

Crisis management is the process by which an association deals with any major random event that threatens to damage an association, its stakeholders, or the general public. Three elements are common to most definitions of crisis. These elements are the element of surprise, a threat to the organization, and a short decision time. Crisis management is also the procedure firms or organizations use to answer to short term and instant shocks, such as accidents, disasters, calamities, and injuries. Its process involves identifying a crisis planning as a reply to the crisis, confronting, and resolving the crisis. Henderson (2000) recognized a step-by-step solution to crisis which offers guidance to emergency response team and leaders of the firm to respond to a real crisis event. In general, the theory of crisis management should know how to act and respond to an emergency, for example, what are the priorities, what are the actions to be first taken, and how to return to normal operations.

Almost all crisis comprehends the seeds of success or the roots of failure within itself. Finding, cultivating, and harvesting the potential success is the spirit of crisis management. There is no way to run the sausage machine in the backward direction and get pigs out of the other end. After all, if the solution were easy, it would not be a crisis in the first place.

CONSEQUENCES OF CRISIS

Crisis has a far reaching and terrible devastating consequences on the organization and environment. Crisis can blast as an outcome of disillusionment, poor welfare, frustration, and conditions of service which manifests in the form of outbreak of strikes, rioting, violence, unrest, and other disciplinary actions. Crisis dents the company image of an organization and can result to enormous destructions of properties worth millions of naira. Therefore, money which may have been utilized for other things are spent on replacement and renovations of damaged properties and equipment. During the process of crisis, so many lives are lost, thus some of the ill effects of crisis are discussed below in this paper:

Loss of Life and Properties. Several lives have been lost in many events and incidents of crisis in corporations. Similarly, inclusive is the loss or damage of equipment and machineries used in those companies.

Distortion of Production Process. During crisis situations, it is revealed that companies stop their production processes. This is done to avoid any further damages and to prevent the crisis from collapsing into a disaster and also to reassure workers of their health and security. This may result to low or no productivity

Monetary Consequences. The problem of monetary loss is evident when firms have to manage crisis that affects the environment within which they work. For example, a lot of oil corporations in Rivers State, Nigeria have regularly spent or paid money to communities to resolve the problems caused by oil spillage.

Loss of Organization Reputation. When crisis reoccur in firms, the proficiencies of the associations are questioned, and this can lead to the harm of the firms' reputations which invariably outcome to low patronages. Other consequences of crisis comprise loss of qualified manpower, employees' absenteeism, and others.

SIX STEPS OF CRISIS MANAGEMENT

Businesses are observing crisis planning as a necessity with an increased interest. Understanding the significance of crisis planning is dissimilar from developing effective plans, mainly when management may have to sell the requirement for crisis planning to organizational cultures that beforehand watched upon the effort as a waste of time and money. Trying to plan for all the likely crises that could convincingly strike a business can be tiresome, time-consuming, and difficult. Even organizations that select to plan for crises may find their plans shallow, ineffective, or overly simplistic when crises happen, and plans are put to the test. To effectively tackle adversity then, management must not only believe in the value of crisis planning, but they also need to understand the components of effective crisis planning and implementing all the six steps as vital components in their organizations, are as:

Step 1: Avoiding the Crisis

The first step, not surprisingly, is prevention. Even though it is the least costly and simplest way to control a potential crisis, amazingly it is usually skipped altogether. This chronic carelessness arises from a blind spot common among many business executives who actually believe that they are in control of their companies' fortunes.

One way of avoiding the crisis is to make a list of everything that could go wrong or attract trouble to the business, consider the possible consequences and to estimate the cost of prevention. Executives must keep in mind that almost anyone of the thousands of employees can plunge the entire corporation into a crisis through either misdeed or sheer negligence or oversight as the recent collapse of venerable Barings Bank made abundantly clear.

This type of worker can be called the cross-eyed discus thrower: he seldom wins any awards, but he sure keeps the crowd on its toes. Discretion and privacy can be critical to avoid some kinds of crisis such as those that outcome from leaks during sensitive negotiation.

Step 2: Preparing to Manage the Crisis

When preparing for a crisis, it is instructive to remember that long before it began to rain, Noah started building his boat Ark.

Steven Fink (2002) says that everyone in a position of authority should view and plan for the inevitability of a crisis as much the same way one views and plans for the inevitability of taxes and death: not out of weakness or fear but out of strength that comes from knowing that you are ready.

We must make plans for dealing with crises by preparing well in advance. This could be done by preparing action plans, communication plans, fire drills and building essential relationships long before a potential problem erupts into a crisis. Experience proposes a number of suitable preparations for dealing with an upheaval: founding a crisis center, creating contingency plans, selecting in advance the members of the crisis team, providing ready and redundant communications etc., the best laid plans are worthless if they cannot be communicated.

Step 3: Analyze Vulnerabilities

This step of crisis management is often the most interesting: recognizing that, in fact, there is a crisis.

Critically evaluating all the crises that possibly could strike a business is not only discouraging, but it can also be completely overwhelming. Most managers can easily list the three or four crises they most likely face are: fire; floods; extended power outages; natural disasters. Few, apart from those managers in organizations with risk management departments, can comprehensively list and rank all possible vulnerabilities.

In general, we need to understand how others will perceive an issue and to challenge our own perception. Executives who refuse to face reality must be mindful of the bright if inexperienced scholar of chemistry who warned 'when you smell an unscented gas, it is possibly carbon monoxide'. Companies from time to time may misclassify a problem concentrating on the technical aspects and overlooking issues of perception. But it is often the public perception that sources the crisis.

In recognition step, independent investigators as well as insiders are needed in understanding the crisis situation. Asking the people who are responsible for preventing a problem whether or not there is a problem is like delivering lettuce by rabbit.

Step 4: Create Strategies

This step of crisis management requires stopping the bleeding. This is the phase in which tough decisions have to be made and made fast.

The problem at this step is usually we don't know what we don't know. There may be too little information or there may be too much with no way to sift out what is important.

It is widely said that the world is not interested in the storms we encountered but whether we have brought in the ship safely. Organizations that have thought through what they stand for well in future of a crisis are those that manage crises best.

Armed with a prioritized list of possible crises, the crisis team can set to work on evolving comprehensive strategies to avoid or mitigate crisis events. As with any strategic initiative, the role of the crisis team is not to generate and orchestrate minutely comprehensive plans; it emphasizes instead is to found major goals and expectations for crisis survival along with sufficiently detailed directives to be implemented at functional levels. For example, it is probably counterproductive for a crisis team to create detailed disaster recovery plans in the event of a major computer system outage. Instead, the crisis team must emphasize on targets and objectives for recovery such as classifying the maximum acceptable loss of data, mandating a frequency for system backups, detailing expectations regarding the timeframe for system recovery, prioritizing the mission-critical systems for restart, and providing direction regarding the use of external disaster recovery installations. The systems operations group then would derive and implement the comprehensive disaster recovery procedures to accomplish the crisis team's targets and objectives.

When all seems to be crashing around them, these organizations have principles to fall back on. It is wise to do the following:

- Constitute a dedicated team of individuals working full-time to contain the crisis
- A single individual should be identified as the Company Spokesman, the one who makes all public comments
- A Company's stakeholders viz., its customers, owners, employees, suppliers, and communities should not be left to ferret out information from the public media.
- A devil's advocate should be part of the crisis management team; someone who can tell the

emperor in no uncertain terms that he is wearing no clothes.

Step 5: Resolving the Crisis

In this step, speed is of the essence. A crisis simply will not wait. It is like wrestling a gorilla. We rest when the gorilla wants to rest.

In these instances, the wisdom and experience of both the crisis team and the effected workers is invaluable. To whatever extent is reasonable, the association must work the plan but be satisfactorily empowered and flexible to adapt to variations as events need. When adaptations are warranted, the crisis team should ensure that the deviations are documented, including the rationale and the outcome of the changes, so that the changes can be assessed after the crisis has passed and incorporated as needed into upcoming plans. Generating and rehearsing plans for crises are as significant as understanding when and how to diverge from the plans may be even more vital to surviving a crisis situation.

Step 6: Assess Performance

The final step in crisis management is making lemonade from the abundance of available lemons. If the Company has not somehow managed to make the crisis even worse but instead handled the previous five steps flawlessly, the sixth step of crisis management offers an opportunity to recuperate some losses (at least partially) and begin to repair the dislocations.

Even the best-laid plans sometime fail, despite all efforts to the contrary. Whether the implementation of a crisis plan was a miserable failure or an astonishing success, lessons can be learned from studying actual performance against the expectations of the plan. If performance decreases, it is significant to question why and determine how to remedy the limitations in the future. If performance exceeded all expectations, possibly turning a potential disaster into an advantageous situation, analyzing the success can provide important insights that may be transferred to other situations. Innovations developed during crisis situations may even be applied to normal working situations to create a long-term strategic benefit. Regardless of the result, analysis of past performance almost always provides important lessons for the future.

CONCLUSION

The persistent and common feature of crisis situations over the years has affected every facet and ramifications of organizations and the society. Hence crisis appears to be a "double edge sword" when it happens, it damages both the firm and its employees on one side and the government and environment on the other side. In business organizations, the frequent resurgence of crisis is either because the methods or their resolutions are not encircling or that the problems have taken on new and complex dimensions requiring proper investigation and solutions. Therefore, it is imperative that companies have well informed employees who can participate in the crisis management plan. Finally, to ensure effective and continuous performance every company must have a detailed crisis management process.

While managing an existing crisis is important, actively planning to prevent crises is critical. Crisis planning, or proactively assessing and addressing vulnerabilities to avoid or minimize the impact of crises, focuses on the activities that should be addressed before a crisis ever looms. Planning for crises can minimize their impact and even create competitive benefit yet trying to anticipate all the adverse events that may occur in an organization and then plan related crisis strategies can be disheartening or overwhelming. By following the stages of forming a team, analyzing vulnerabilities, creating strategies, working the plans, and assessing performance, managers can decrease their discomfort regarding crisis planning and increase the probability that their organizations will survive and possibly benefit from times of crisis.

The idea that one person, sitting at the top the Corporate hierarchy, can repeatedly and successfully guide the daily activities of tens of thousands of individual workers is a pleasant confection formed by academics. However, the one aspect of business in which a chief executive's effect is measurable is crisis management. Indeed, the very future of an enterprise often depends on how expertly the CEO handles the crisis.

Crises like watershed experiences, sometimes even life-threatening experiences tend to be highly developmental experiences for a business. Nowhere else is the leadership of a Chief Executive more apparent or more critical to the long-term prospects of an enterprise than how the CEO manages the crisis.

The bottom line with crisis management can be summed up in just seven words: **Tell the truth and tell it fast.**

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